BUSINESS INF. BUR.
CORPORATION FILE

SAFEWAY STORES, INCORPORATED · ANNUAL REPORT · 1966

Executive Offices

Fourth and Jackson Streets, Oakland, California
(P.O. Box 660, Oakland, California 94604)

Transfer Agents

The Chase Manhattan Bank (National Association), New York, New York and the Crocker-Citizens National Bank, San Francisco, California

Registrars

First National City Bank, New York, New York and The Bank of California, National Association, San Francisco, California

Accountants

Peat, Marwick, Mitchell & Co.

Annual Meeting

The 1967 Annual Meeting of the Common Stockholders will be held on May 16, 1967. In connection with this meeting, proxies will be solicited by the management. A notice of the meeting, together with a proxy statement and a form of proxy, will be mailed separately to Common Stockholders about April 7, 1967. This Annual Report does not constitute part of the proxy soliciting material.

Safeway Stores, Incorporated

Directors

ROBERT A. MAGOWAN
Chairman of the Board and Chief Executive Officer

ERNEST C. ARBUCKLE
Dean, Graduate School of Business Stanford University

J. G. BOSWELL II
President and Director J. G. Boswell Company

NORMAN CHANDLER
Chairman of the Board and Chief Executive Officer The Times Mirror Company

HENRY B. CLAY
Vice President

CHARLES DE BRETTEVILLE
Chairman of the Board and President The Bank of California, N.A.

ARTEMUS L. GATES
Business Consultant

A. RUSSELL GRIFFITH
Vice President

ROGER D. LAPHAM, JR.
President and Director of Alexander, Sexton & Carr of California and Executive Vice President and Director of Alexander, Sexton & Carr, Inc.

MICHAEL W. MCCARTHY
Chairman of the Executive Committee, Merrill Lynch, Pierce, Fenner & Smith Incorporated

WILLIAM S. MITCHELL
Executive Vice President

QUENTIN REYNOLDS
President

MILTON L. SELBY
Retired, formerly President of the Company

JACK I. STRAUS
Chairman of the Board R. H. Macy & Co., Inc.

Executive Committee

ROBERT A. MAGOWAN
Chairman

ERNEST C. ARBUCKLE

CHARLES DE BRETTEVILLE

ROGER D. LAPHAM, JR.

QUENTIN REYNOLDS

MILTON L. SELBY

Officers

ROBERT A. MAGOWAN
Chairman of the Board and Chief Executive Officer

QUENTIN REYNOLDS
President
Executive Officer in Charge of Operations

WILLIAM S. MITCHELL
Executive Vice President

HENRY B. CLAY
Vice President
Regional Retail Manager

CLIFFORD L. GANT
Controller
(Elected on February 21, 1967)

MALCOLM P. GROVER
Vice President
Personnel, Public Relations, Industrial Relations and Economic Research

A. RUSSELL GRIFFITH
Vice President
Finance, Real Estate, Construction and Engineering

R. L. CAMPBELL
Vice President
Denver Division Manager

LORENZO N. HOOPES
Vice President
Supply Operations

G. H. PARKER
Vice President
Regional Retail Manager

HERMAN F. WEBER
Vice President
Industrial Relations

J. W. RUPLEY
Treasurer

DRUMMOND WILDE
Secretary and Vice President
General Counsel

Financial Highlights

	1966	1965
Operating Results [1]		
Sales	$3,345.187	2,939,043
Income before provision for income taxes	117,793	95,150
Provision for income taxes	58,045	46,965
Net income	59,748	48,185
Net income as a percent of sales	1.79%	1.64
Distribution of Earnings [1]		
Dividends to preferred stockholders	$ —	173
Dividends to common stockholders	26,039	25,376
Earnings retained in the business	33,709	22,636
Per Share of Common Stock [2]		
Net income	$ 2.35	1.89
Depreciation	1.53	1.47
Cash flow	3.88	3.36
Dividends paid	1.02½	1.00
Working capital	5.37	5.55
Book value	14.96	13.63
Price range New York Stock Exchange—Low-High	23⅝-31½	30⅛-42¼
Financial Position (at end of year)		
Working capital [1]	$ 136,582	140,891
Current assets per dollar of current liabilities	1.69	1.83
Equity of common stockholders [1]	380,262	346,139
Other Statistics		
Number of employees (at end of year)	74,798	69,248
Number of stockholders of record (at end of year)	72,609	66,651
Number of stores (at end of year)	2,173	2,128
Average annual sales per store [1]	$ 1,514	1,349

Note: (1) *In thousands of dollars.*
(2) *Adjusted for 2 for 1 stock split 11/23/64.*

To Safeway Shareholders And Safeway People:

1966, the fortieth anniversary of Safeway's incorporation, was by far our most successful. A year ago I told you we were working for a healthy gain in sales. We got it. Dollar volume was up 14%, about double the industry gain, to a new high of $3.35 billion.

I also told you we were aiming to convert higher sales into greater profits by operating our business more economically. We did this, too. Added sales gave us an opportunity to make more efficient use of facilities and manpower. As a result we were able to turn the 14% sales increase into a 24% increase in net profit.

Net income came to $2.35 per share, compared to $1.89 last year, and $1.95 in 1964.

In November the Board of Directors voted to increase the dividend from $1.00 a share to $1.10. This is the eighth time in the last ten years that the dividend rate has been raised.

Our Drug Center operations are still not up to expectations but progress is being made. Sales are continuing to increase in virtually all stores. Changes have been made in operating procedures, and these show promise of streamlining expenditures to the point where a satisfactory profit rate can be achieved.

Gratifying improvement occurred in our overseas stores last year. I believe we are now over the hump in our international operations and can look forward to a significant contribution to corporate growth from this source.

Management changes announced in November brought the elevation of two extremely capable associates. Quentin Reynolds was elected to the post of President and was made a member of the Executive Committee of the Board of Directors. William S. Mitchell, formerly a Senior Vice President, was named Executive Vice President. With regret we accepted the year-end resignation of Hugh Frost as a Director and Vice President in charge of Real Estate, Construction and Engineering. His duties have been taken over by Vice President A. R. Griffith.

Despite problems raised by tight money, we have continued our store building program and have kept up an aggressive search for new sites. It is vital to our corporate future to keep pace with growth and shifts in population.

Looking to that future, we see these major challenges ahead in 1967:

- Tight money and high interest rates, although easing somewhat, will continue to be a stumbling block for builders and shopping center developers, as well as home buyers. This will cause slowdowns in growth rates in many areas, meaning that we must be more selective in our location planning.
- Higher prices will still be with us. Although recent increases in farm and wholesale prices have shown signs of tapering off, they are still going up. This means continued upward pressure on retail prices—which often leads in turn to resentment by frustrated consumers, some of whom direct their protests against the retailer rather than against the basic causes of inflation. In responding to such protests, retailers will tend to de-emphasize other methods of merchandising and promotion, and concentrate even more heavily on price appeals.
- The relentless upward push on labor costs, if not matched by increased productivity, will mean still more inflation.

Our job is to meet these challenges head on, and to develop efficient, economical procedures that will enable us to give our customers the stores they want and the services and values they are looking for. There is abundant talent in the men and women of Safeway and the job will be done.

March 15, 1967
Oakland, California

Robert A. Magowan

Chairman of the Board and Chief Executive Officer

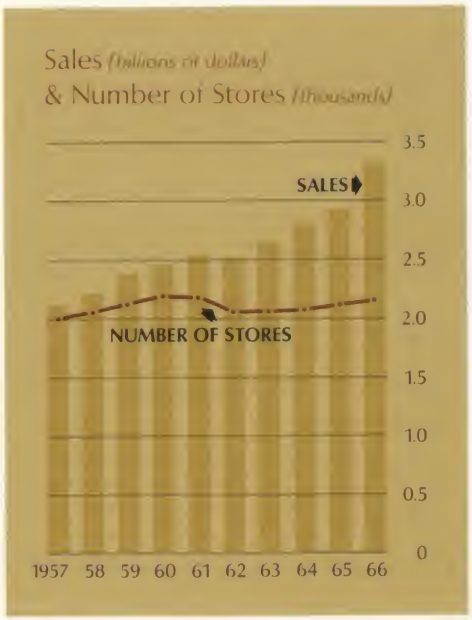
1966 Review of Operations

Financial Review

Sales

Sales in the United States and Canada for 1966 were $3.35 billion, an all-time high, and an increase of $406 million or 14% over 1965, Safeway's previous record year. This was the largest dollar sales increase for a single year in the history of the Company.

Safeway's percentage increase in sales was twice that of the retail food industry average of about 7%. This reflected our particular success in combining product, price, and promotional appeals to fit local shopping preferences. The result was that average sales per store in 1966 rose to $29,123 per week, a marked increase of $3,179 per week over 1965.



Net Income

Consolidated net income after income taxes was $59.7 million, also an all-time high, and an increase of $11.5 million or 24% over 1965.

Earnings per share on the average number of Common shares outstanding rose to $2.35, compared with $1.89 per share for 1965 and $1.95 for 1964, the previous high.

Charges against operating income in 1966 included a provision of $1,300,000 to convert to U.S. dollars the year's increase in net assets of consolidated Canadian subsidiaries, and a provision of $670,297 to write down the book value of our investment in unconsolidated overseas subsidiaries to reflect their net operating losses. Similar charges in 1965 amounted to $950,000 and $1,105,706, respectively.

Provision for 1966 income taxes was reduced by an investment tax credit of $2.5 million, as compared to $2.2 million for 1965.

Intensely competitive conditions in 1966 held retail price increases generally to less than wholesale market advances. That is, retail pricing margins or "markups" on most food items were squeezed. Safeway's substantial volume increases, however, reflected more complete customer shopping of our stores and were accompanied by lower rates of in-store spoilage, distress selling, and other shrinkage. The net result—our overall gross profit rate on sales was nearly the same as in 1965. The expanded volume also permitted more efficient use of facilities and manpower, so that those expense ratios were reduced despite persistent increases in wage rates, Social Security contributions and other employee "fringes," and in rentals and other operating charges for new and modernized buildings and equipment. Consequently, Safeway not only achieved record sales and net income in 1966 but also improved the ratio of net income to sales which rose to 1.79%, the highest in more than 30 years, as compared to 1.64% in 1965, and 1.77% in 1964.

Source And Use Of Funds

In 1966, cash flow from operations totaled $103.1 million, and consisted of net income of $59.7 million plus charges against income not requiring cash outlays of $43.4 million. Such charges consisted principally of depreciation of $38.8 million, and deferred taxes due to use of accelerated rates of depreciation for tax purposes of $2.8 million.

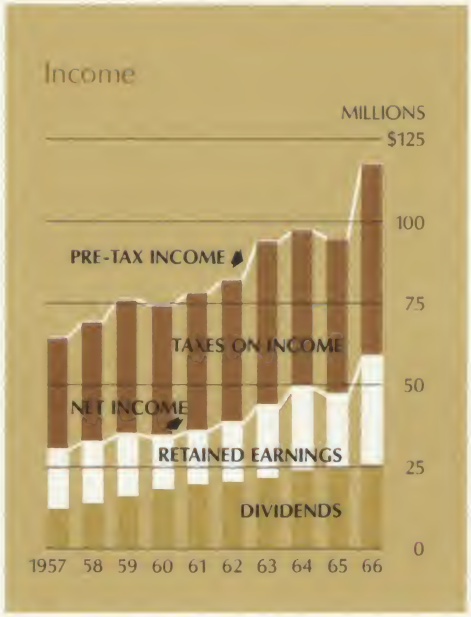
These funds plus funds from other sources of $4.8 million were used for: dividends to Common stockholders, $26.0 million; net additions to fixed assets, $72.7 million; and other purposes of $9.2 million. Further details of the source and use of funds and comparisons with previous years are shown in the Financial Highlights section of this Report.

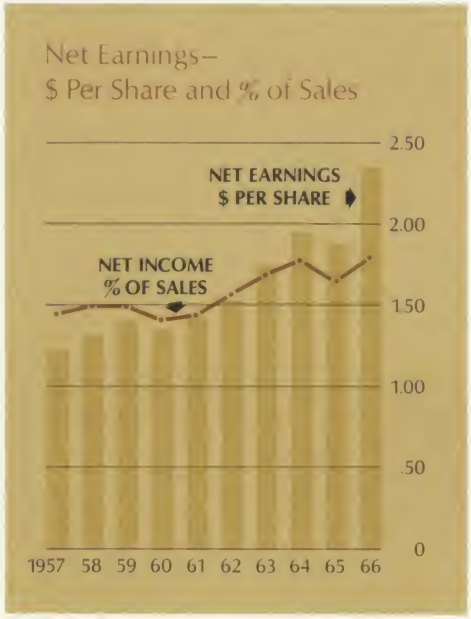
Retail Stores

During 1966, we opened 128 food stores and 10 Drug Centers in the United States. We closed 97 food stores and 1 Drug Center, and sold 3 Drug Centers. At year-end, there were 1,890 food stores and 34 Drug Centers in operation in the United States.

During 1966, we opened 20 food stores in Canada, closed 12, and at year-end there were 249 food stores in operation. Overseas, we opened 8 food stores, closed 1, and at year-end there were 49 food stores in operation.

Geographical distribution of our retail stores is shown on the back cover of this Report.





Other Financial Data

Working capital at year-end 1966 (the excess of current assets over current liabilities) amounted to $136.6 million, compared to $141.1 million at year-end 1965, a decrease of $4.5 million.

The principal changes in working capital during 1966 were an increase in merchandise inventories of $26.0 million accompanied by an offsetting increase in accounts payable of $27.7 million.

The ratio of current assets to current liabilities was 1.69 to 1 at year-end 1966, compared to 1.83 to 1 at year-end 1965.

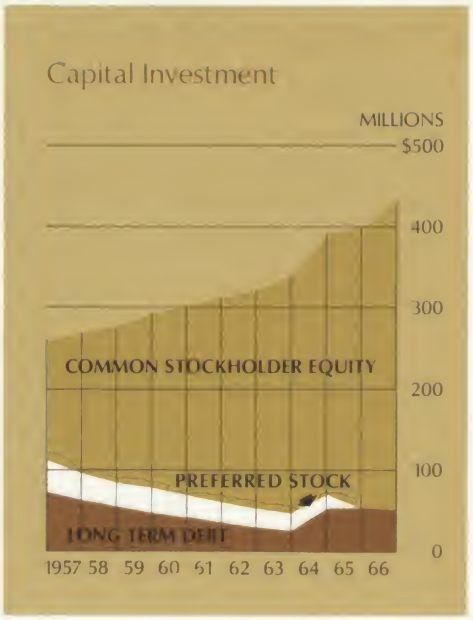
Common stockholders' equity during 1966 increased to $380.3 million or $14.96 per share, compared to $346.1 million or $13.63 per share a year earlier.

In the fourth quarter of 1966, the dividend rate on Common shares was increased for the eighth time in the last 10 years, to 27½¢ per share, compared to 25¢ per share paid in each of the first three quarters. Total payments were $1.02½ per share, compared to $1.00 in 1965.

Foreign Operations

Each of our foreign subsidiaries reported gratifying improvements in sales and operating results in 1966 over 1965.

Sales of our Canadian subsidiaries, included dollar-for-dollar in consolidated sales, were $447.6 million in 1966, compared to $400.2 million in 1965, an increase of 12%. Canadian net income was $11.7 million in 1966, compared to $10.3 million in 1965, an increase of 14%. Dividends paid on Canada Safeway



Limited's outstanding preferred shares (held publicly) amounted to $288,398 in 1966 and $301,629 in 1965.

Combined sales of our overseas subsidiaries, in U.S. dollars, not included in consolidated sales, were $51.5 million in their 1966 fiscal years compared to $35.8 million in 1965. Combined results of their operations, included in net income as previously described, were net losses of $670,297 in 1966 compared to net losses of $1,105,706 in 1965.

Consolidated accounts of our subsidiaries in Canada (Canadian dollars) at year-end 1966, included in the Consolidated Balance Sheet, and the combined accounts of our subsidiaries overseas (U.S. dollars) at the end of each of their fiscal years ending in 1966, not included in the Consolidated Balance Sheet, were as follows:

	Canada	Overseas
Current Assets	$ 66,979,335	$ 4,442,003
Fixed Assets (Net)	43,750,223	14,404,194
Other Assets	569,208	4,243,412
Total	$111,298,766	$23,089,609
Current Liabilities	$ 24,564,869	$ 3,776,563
Long-Term Liabilities	2,408,553	—
Loans and Advances by Parent	—	10,991,286
Preferred Stock	6,554,500	—
Equity of Parent	77,770,844	7,781,770
Minority Interest	—	539,990
Total	$111,298,766	$23,089,609

1926-1966 Life Begins at 40

our 40th year

The year 1966 marked the fortieth anniversary of Safeway's incorporation, described as follows in our employee magazine, SAFEWAY NEWS:

On March 24, 1926, a Maryland corporation was organized under the name "Safeway Stores, Incorporated." (The name "Safeway" stemmed from a contest held the year before by the Sam Seelig Company, a California corporation organized in 1914.) In July the 428 stores of the Skaggs company merged with the California corporation's several hundred Safeway stores in Southern California. M. B. Skaggs became President of the consolidated companies, which by the end of 1926, operated 766 stores.

Those 766 small stores, with a sales volume under $70 million, employed many of the basic patterns that still exist in approximately 2,200 modern Safeway supermarkets which last year rang up over $3⅓ billion in sales.

These basic patterns, as a matter of fact, go back more than *50* years, to the single store opened by M. B. Skaggs in American Falls, Idaho (see picture) in 1915. Mr. Skaggs, now living in Safeway's headquarters city of Oakland, California, recalls it all vividly:

"I knew what I wanted to do," said Mr. Skaggs. "I had heard of cash-and-carry grocery stores. There weren't very many in the United States, but the plan made sense. If one could save the cost of delivery and the cost and loss of credit, that was a big saving to be handed back to the consumer in cheaper prices. Then, if you could buy and sell in greater quantities, a further saving could be made, and all could be passed on to the customer without reducing the net profit, which was my pay.... My little store soon had big sales and I made a profit from the beginning. In early 1917, I had saved enough to open a second store."

After World War I, these two stores mushroomed into many. New outlets were opened throughout Idaho, Montana, and various other western states—all financed "out of profits."

These basic principles of "cash and carry," along with the very important ingredients of personal contact and friendliness, have persisted throughout the growth of Safeway to the third largest retailing organization in the world. Fol-

Successor to title of Store No. 1, "where it all started," was this store operated by M. B. Skaggs in American Falls, Idaho. The original Store No. 1 vanished when entire town was relocated to make way for dam. Old site was inundated.

"This is the place!" Safeway's Founder M. B. Skaggs tells R. A. Magowan, Chairman of the Board and Chief Executive Officer, as he points to American Falls, Idaho.

lowing are some milestones in that spectacular growth:

1926—Incorporation (described above).

1929—A Safeway subsidiary begins operations in Canada. Safeway also expands into Washington, D.C. area.

1931—Safeway reaches a peak of 3,527 stores. These small stores, averaging only $1,000 per week, are gradually closed or converted to larger stores serving wider trading areas—made possible by increasing use of automobiles for food shopping.

1934—Lingan A. Warren, who joined Safeway three years before at the urging of M. B. Skaggs and Charles Merrill, is elected President of Safeway, and Mr. Skaggs becomes Chairman of the Board.

1936—This marks the beginning of Safeway's buy-build-sell-lease program (still followed) which enables the Company to employ its capital resources in food distribution rather than real estate.

1940—Safeway inaugurates the revolutionary practice of pricing produce by weight to assure the customer of uniform value.

1941—M. B. Skaggs resigns as Chairman of the Board to devote his time to personal affairs.

1945—At the end of the war, Safeway's service flag shows 11,516 employees on military duty.

1947—Sales exceed $1 billion.

1949—An extensive postwar construction program is begun. Its goal is to replace all smaller non-standard stores within five years, by building 1,000 new stores.

1951—In Safeway's 25th anniversary year, sales reach nearly $1½ billion. New stores by now average nearly 20,000 square feet, are air conditioned, have six or more checkouts. They have new exterior design, freezer cases for frozen foods, self-service meat sections, and parking for 100 or more cars. Widespread improvements are being made in warehousing, trucking, and other facilities; many new plants are completed or under construction.

1952—Company adopts its now-famous $ insigne as identification symbol.

1955—Lingan A. Warren resigns, and Milton L. Selby becomes President during a reorganization period. Robert A. Magowan, who had previously worked for Safeway a number of years before, leaves Merrill Lynch, Pierce, Fenner and Beane to become Chairman of the Board.

1956—Just 30 years after incorporation, Safeway has a total of 54,325 employees, with an annual payroll of $226 million. Stores now carry up to 6,000 items. Sweeping changes are made in Safeway's own "family" labels.

This was interior of Store No. 1 (Founder M. B. Skaggs is seen at left). It was 18 x 32 feet. Note neat stocking, clear aisles.

These Company trucks made deliveries to Montana stores 40 years ago. Our truck fleet today employs over 2,200 drivers.

1957—Milton L. Selby resigns as President, remains a member of the Board of Directors and the Executive Committee. Robert A. Magowan is elected President, retaining previous title of Chairman of the Board. Sales go over the $2 billion mark.

1959—Safeway is the first major food retailer to move into the new state of Alaska.

1961—Electronic data processing equipment is installed in several offices, with more scheduled.

1962—First overseas expansion, to England, with acquisition of 11 stores and 2 warehouses of John Gardner (London) Ltd.

1963—Expansion to Hawaii, Australia and West Germany. First Safeway-built store opens in England. First non-food drug center opens in Anchorage, Alaska.

1964—Sales volume per store reaches average of $25,000 per week.

1965—Overseas expansion extends to Scotland, with opening of three new stores in Glasgow. Total in all Safeway areas reaches 2,170 stores.

1966—Sales go over $3 billion. (For other details see balance of this report.)

These 40 years of Safeway's yesterday have generated an impressive list of accomplishments. But these have only set the stage for still greater accomplishments to come. The promise of Safeway's tomorrow can be seen in innovations now under way: in electronic data processing; in new packaging and display techniques; in new methods of preserving foods; in new designs and operating methods; and in new devices for shopping convenience. And tomorrow is coming faster than ever.

"The past is prologue."

It's 40th Year for Quentin Reynolds, Too

When Safeway was incorporated in 1926, it had on its rolls a part-time food clerk named Quentin Reynolds, who had been working for a predecessor company. He was one of only twenty-four present people in all of Safeway to receive a 40-year service award last year.

The newly-elected President (see Chairman's Message, page 3) worked after school while attending St. Mary's College in Oakland, California, where he majored in economics. After returning to Safeway full time, he progressed to Store Manager, District Manager, Retail Operations Manager and Zone Manager. He became Manager of Safeway's important San Francisco Division in 1956.

In 1960 Mr. Reynolds was elected a Vice President, and two years later was appointed Regional Manager for several western Divisions. In 1964 he was elected a Director, and named Senior Vice President in charge of all retail operations in the United States.

In his new assignment, Mr. Reynolds has administrative responsibility over all Safeway operations, reporting to Robert A. Magowan, Chairman of the Board and Chief Executive Officer.

Friendliness and courtesy, combined with efficiency and minimum delay, keynote our check stand operations. It is here that customers often form strongest impressions of Safeway. Some 7-million families shop Safeway each week.

1966 FINANCIAL REPORT

ACCOUNTANTS' REPORT

Peat, Marwick, Mitchell & Co.

To the Board of Directors and the Shareholders of Safeway Stores, Incorporated:

We have examined the consolidated balance sheet of Safeway Stores, Incorporated and subsidiaries as of December 31, 1966 and the related statement of income and retained earnings and the statement of source and use of funds for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings present fairly the financial position of Safeway Stores, Incorporated and subsidiaries at December 31, 1966 and the results of their operations for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the statement of Source and Use of Funds for 1966 presented herein under Financial Highlights presents fairly the information shown therein.

San Francisco, California
March 3, 1967

Peat, Marwick, Mitchell & Co.

our 40th year SAFEWAY STORES, INCORPORATED

Consolidated

As of December 31, 1966 (With Com

Assets

	December 31, 1966	January 1, 1966
Current Assets		
Cash	$ 53,186,054	$ 49,453,384
Short-term investments—at cost	1,476,885	—
Receivables	12,101,169	11,521,554
Merchandise inventories—at lower of cost or market	250,227,090	224,266,378
Prepaid expenses	9,988,031	13,024,835
Properties for development and sale within one year	8,989,990	13,463,501
	335,969,219	311,729,652
Other Assets		
Investments in and advances to foreign subsidiaries not consolidated	19,566,197	16,214,042
Notes receivable, licenses, etc.	7,136,511	4,666,315
	26,702,708	20,880,357
Property		
Land, buildings, equipment, etc.—at cost	508,391,042	457,714,824
Less depreciation	230,390,056	213,621,441
	278,000,986	244,093,383
TOTAL	$640,672,913	$576,703,392

Notes to Financial Statements

BASIS OF CONSOLIDATION: The accounts of the Canadian subsidiaries are consolidated as U.S. Funds at dollar for dollar, with provisions made for the conversion of Canadian net assets to U.S. dollars by establishing a reserve through a charge to income. Overseas foreign subsidiaries are not consolidated and the investments and advances therein, $19,566,197, are shown at cost adjusted by the Company's share in their losses or undistributed gains since acquisition. Such investment includes approximately $4,188,000 excess purchase price over value of net assets at dates of acquisition of certain subsidiaries. Such investments represent: 91% interest in the United Kingdom subsidiary: 98.5% in the Australian subsidiary, and 100% in the West German and Danish subsidiaries.

NOTES AND DEBENTURES: Notes payable (excluding miscellaneous notes of $328,435) consist of $30,000,000 of 4.65% term notes of the parent company due November 1, 1979. Payments of $1,500,000 semi-annually with no premium are required to commence May 1, 1970, with certain prepayment options at varying premium rates to maturity.

The debentures consist of: Parent, $8,029,000 at 4.25% interest, maturing $3,000,000 annually to maturity in 1969; Canadian subsidiary, $931,000 at 4.50% interest, with sinking fund requirement of $360,000 annually to maturity in 1970 ($1,480,000 of debentures have been acquired to meet certain of future sinking fund requirements).

Under the indenture covering the parent's debentures and agreements covering the 4.65% term notes, $134,736,140 and $112,582,284, respectively, of the retained earnings as of December 31, 1966 are free of restrictions for dividend payments and acquisitions of outstanding common stock. Certain other restrictions, including one upon creation of additional funded indebtedness are imposed by both the indenture and note agreements.

CAPITAL STOCK: Capital stock consists of 4% cumulative preferred, 220,372 shares authorized and unissued and common stock, par value $1.66⅔ per share, authorized 27,000,000 shares, outstanding 25,412,364 shares (after deducting 45,968 shares in treasury).

1966 FINANCIAL HIGHLIGHTS

	1966
Operating Results[1]	
Sales	$3,345.187
Income before provision for income taxes	117,793
Provision for income taxes	58,045
Net income	59,748
Net income as a percent of sales	1.79%
Distribution of Earnings[1]	
Dividends to preferred stockholders	$ —
Dividends to common stockholders	26,039
Earnings retained in the business	33,709
Per Share of Common Stock[2]	
Net income	$ 2.35
Depreciation	1.53
Cash flow	3.88
Dividends paid	1.02½
Working capital	5.37
Book value	14.96
Price range New York Stock Exchange—Low-High	23⅝-31½
Financial Position (at end of year)	
Working capital[1]	$ 136,582
Current assets per dollar of current liabilities	1.69
Equity of common stockholders[1]	380,262
Other Statistics	
Number of employees (at end of year)	74,798
Number of stockholders of record (at end of year)	72,609
Number of stores (at end of year)	2,173
Average annual sales per store[1]	$ 1,514
Source and Use of Funds[1]	
FUNDS PROVIDED FROM:	
Net income	$ 59,748
Charges to income not requiring funds:	
Depreciation provision	38,750
Deferred income taxes	2,822
Provision for self-insurance and decline in conversion value of Canadian assets	1,733
Decrease (increase) in working capital	4,471
Sale (retirement) of capital stock (net)	413
Total	$ 107,937
FUNDS USED FOR:	
Dividends to Company stockholders	$ 26,039
Additions to fixed assets (net)	72,657
Decrease (increase) in long-term debt	3,419
Increase (decrease) in other assets	5,822
Total	$ 107,937

Note: (1) *In thousands of dollars.*
(2) *Adjusted for 2 for 1 stock split 11/23/64.*

Statement of Consolidated Income and Retained Earnings

For the 52 Weeks Ended December 31, 1966 (With Comparative Figures for the 52 Weeks Ended January 1, 1966)

	1966	1965
Sales	$3,345,186,668	$2,939,043,421
Cost of Sales	2,618,472,568	2,299,707,753
Gross profit	726,714,100	639,335,668
Operating and Administrative Expenses	605,491,186	540,217,586
Operating profit	121,222,914	99,118,082
Other Deductions		
Interest on debentures and long-term notes	1,800,718	1,935,154
Provision for conversion of Canadian assets to U.S. dollars	1,300,000	950,000
Provision for conversion to equity in nonconsolidated foreign subsidiaries	670,297	1,105,706
Other charges (income)—net	(341,058)	(22,346)
	3,429,957	3,968,514
Income before provision for income taxes	117,792,957	95,149,568
Provision for Federal, Canadian and other income taxes	58,045,000	46,965,000
Net Income	59,747,957	48,184,568
Retained Earnings at Beginning of Period	259,239,710	236,597,091
	318,987,667	284,781,659
Deduct:		
Cash Dividends		
4% preferred stock	—	173,406
Common stock	26,039,213	25,375,859
Additions resulting from stock conversions and acquisitions	(1,564)	(7,316)
	26,037,649	25,541,949
Retained Earnings at End of Period	$ 292,950,018	$ 259,239,710

FEDERAL INCOME TAXES: The 1966 tax investment credit of $2,500,000 has been applied as a reduction of Federal income tax expense.

Deferred income taxes arise principally as a result of claiming depreciation for income tax purposes in excess of that taken in the accounts.

EMPLOYEE RETIREMENT AND PROFIT-SHARING PLANS: The Company has contributory, trusteed retirement plans for eligible employees, which may be amended or terminated at any time. In recent years, the Company has contributed the full normal cost and interest on the "unfunded frozen initial liability." Charges to income for current year contributions amounted to $2,786,717. At December 31, 1966, the "unfunded frozen initial liability" was approximately $12,750,000 and the market value of investments held by the Trust Funds exceeded cost by approximately $23,000,000.

Charges to income for Profit-Sharing Plan contributions for the current year amounted to $5,283,272.

PROPERTY LEASES: Leases are in effect on 2,521 properties, of which 1,821 contain options to cancel. Should the Company exercise these options, it could be required to purchase 1,568 properties. Minimum rental on leases in effect at the year-end was approximately as follows for the years or periods indicated:

1967	$64,756,000	1972-1976	$307,458,000
1968	64,017,000	1977-1981	270,340,000
1969	63,578,000	1982-1986	121,429,000
1970	63,163,000	After 1986	30,485,000
1971	62,766,000		

CONTINGENT LIABILITIES: The liability upon completion of contracts for construction of buildings and purchase of land not reflected in the financial statements amounted to approximately $32,468,375. Various claims and lawsuits incident to operations are pending against the Company and its subsidiaries. To the extent that such contingent liabilities are uninsured, General Counsel for the Company is of the opinion that the ultimate outcome of such claims and lawsuits will not have a significant adverse effect on the financial statements at December 31, 1966.

EWAY STORES, INCORPORATED AND

Balance Sheet

parative Figures as of January 1, 1966)

Liabilities and Stockholders' Equity	December 31, 1966	January 1, 1966
Current Liabilities		
Debentures	$ 2,029,000	$ 678,000
Payables and accruals	174,354,153	146,680,936
Federal, Canadian and other income taxes	23,003,753	23,317,274
	199,386,906	170,676,210
Long-Term Liabilities and Reserves		
Notes and debentures	37,259,435	40,377,801
Deferred income taxes	8,817,188	5,995,499
Preferred stock of Canadian subsidiary held by public—par value	6,554,500	6,855,200
Reserve for self-insurance and decline in conversion value of Canadian assets	8,393,289	6,659,802
	61,024,412	59,888,302
Stockholders' Equity		
Common stock	42,353,940	42,313,823
Additional paid-in capital	44,957,637	44,585,347
Retained earnings	292,950,018	259,239,710
	380,261,595	346,138,880
TOTAL	$640,672,913	$576,703,392

Of the unissued common stock of the Company, 818,020 shares are reserved for issuance pursuant to the Stock Option Plans of 1957 and 1963, authorizing the Board of Directors to grant to Officers and employees of the Company and its subsidiaries restricted options (qualified options as to those granted after January 1, 1964 under the 1963 Plan, as amended in 1964) to purchase common stock in consideration of their agreements not to terminate their employment before fixed dates. All matured options become void unless exercised within three months after employment terminates, with a one-year extension on employee's death under both Plans, and in any event, not later than December 31, 1967 for those granted under the 1957 Plan or ten years (five years as to those granted after January 1, 1964) after the date of granting under the 1963 Plan.

At the beginning of the year, options for 465,040 shares were outstanding at a total option price of $12,881,371. No options were granted during the year; options for 24,070 shares granted under the 1957 Plan were exercised at a total option price of $412,407; no options granted under the 1963 Plan were exercised; options for 15,440 shares (which are subject to reallocation) and 5,000 shares (which are not subject to reallocation) became void due to death or termination of employment and no changes occurred during the year in the exercise price of outstanding options. At the end of the year, options for 189,530 shares under the 1957 Plan and 231,000 shares under the 1963 Plan were outstanding which are or will become exercisable as follows: 3,600 at $12.8125; 17,650 at $16.0625; 35,000 at $18.2813; 7,000 at $18.3438; 14,120 at $19.6563; 6,000 at $19.75; 10,000 at $24.5625; 96,160 at $29.2813; 195,000 at $30.5938; and 36,000 at $36.75. At the beginning of the year, 382,050 unoptioned shares were available for granting and 397,490 were available at the end of the year.

ADDITIONAL PAID-IN CAPITAL: The change in 1966 consisted of a credit for $372,290 excess of proceeds over par value of common stock issued under options exercised.

DEPRECIATION: The Statement of Consolidated Income includes a charge for depreciation of $38,749,736 in 1966 and $37,350,559 in 1965.

AND TEN-YEAR SUMMARY

1965	1964 (53 WEEKS)	1963	1962	1961	1960	1959 (53 WEEKS)	1958	1957
2,939,043	2,817,569	2,649,712	2,509,644	2,538,032	2,468,973	2,383,011	2,225,352	2,117,314
95,150	97,875	94,746	83,326	78,587	75,178	76,511	69,874	65,018
46,965	47,895	49,930	44,055	41,985	40,360	40,810	36,468	34,111
48,185	49,980	44,816	39,271	36,602	34,818	35,701	33,406	30,907
1.64	1.77	1.69	1.56	1.44	1.41	1.50	1.50	1.46
173	735	838	903	1,021	1,082	1,130	1,197	1,392
25,376	23,367	20,723	20,052	19,045	17,676	15,415	13,461	10,767
22,636	25,878	23,255	18,316	16,536	16,060	19,156	18,748	18,748
1.89	1.95	1.75	1.53	1.43	1.36	1.40	1.32	1.24
1.47	1.35	1.28	1.24	1.26	1.18	1.13	1.03	1.00
3.36	3.30	3.03	2.77	2.69	2.54	2.53	2.35	2.24
1.00	.92½	.82½	.80	.76¼	.71¼	.62½	.55	.45
5.55	5.53	4.78	4.70	4.96	4.34	4.59	4.32	4.67
13.63	12.73	11.71	10.78	10.04	9.36	8.70	7.76	7.15
30⅛-42¼	28-37¾	22¾-32⅜	18⅛-30⅛	18⅜-31⅞	16¼-20¼	17⅜-21⅛	12¼-20⅞	10⅛-13¾
140,891	140,163	120,177	117,902	124,085	108,611	113,285	106,173	113,347
1.83	1.89	1.74	1.81	1.89	1.78	1.86	1.81	1.90
346,139	322,501	294,551	270,298	251,326	232,606	215,080	190,871	173,688
69,248	68,804	66,605	63,120	60,896	63,507	63,149	59,555	57,356
66,651	58,100	58,900	59,900	58,600	59,000	59,000	54,917	43,224
2,128	2,099	2,059	2,069	2,054	2,207	2,164	2,117	2,033
1,349	1,322	1,250	1,183	1,131	1,101	1,088	1,050	1,029
48,185	49,980	44,816	39,271	36,602	34,818	35,701	33,406	30,907
37,350	34,178	32,230	30,970	31,435	29,177	27,805	25,270	23,854
2,987	(346)	1,514	1,300	540	—	—	—	—
1,083	1,769	609	1,799	700	—	—	—	—
(728)	(19,986)	(2,275)	6,184	(15,474)	4,674	(7,112)	7,175	(7,384)
(16,338)	(411)	(617)	(1,707)	(294)	(13)	274	(403)	898
72,539	65,184	76,277	77,817	53,509	68,656	56,668	65,448	48,275
25,549	24,102	21,561	20,955	20,066	18,758	12,569	18,635	12,159
54,025	44,486	46,281	46,658	28,126	43,525	36,833	38,762	27,934
3,855	(26,969)	6,699	6,480	6,031	7,445	7,021	8,483	8,120
(10,890)	23,565	1,736	3,724	(714)	(1,072)	245	(432)	62
72,539	65,184	76,277	77,817	53,509	68,656	56,668	65,448	48,275

Building For The Future

Wall-to-wall blue nylon carpeting made news for this Oklahoma City store, when it was remodeled last year. Part of continuing research to keep up with innovations, idea is still being studied.

In the fast-changing world of retail merchandising, forty years of corporate history merely provide a solid base upon which to look and plan ahead. In our dynamic economy a firm has to "walk just to stand still," and run to keep ahead.

Safeway has indeed been "running," as pictures on these pages will testify. During 1966, despite tight money problems, management elected to continue an aggressive building program. During the year we opened 158 new stores.

Each such facility has incorporated the latest proven developments in architecture and design, as new and still newer "standards" have replaced older ones. As a result of this constant upgrading program, two-thirds of all Safeway stores are less than 10 years old, and the majority of the others have undergone at least one major remodeling.

The noise of hammers and saws has not been confined just to retail stores. By the end of the year construction was completed or well underway on these backstage facilities: major addition to Los Angeles distribution center; warehouse additions to Landover, Maryland distribution center; new egg plants in Searcy, Arkansas and Riverside, California; new beverage plant in Garland, Texas; expansion of frozen foods and grocery warehouse facilities in Bellevue, Washington; expansion of frozen foods warehouse and ice cream and egg plants in Winnipeg, Manitoba; expansion of bread plant in Clackamas, Oregon; new bulk-materials handling system at Van Nuys, California biscuit plant; addition to by-products plant in Hanford, California; remodeling of milk plant in Edmonton, Alberta; fatty acid recovery system in Denison, Texas oil plant; new milk plant and miscellaneous perishables warehouse in Denver, Colorado; four new truck repair and maintenance facilities.

These facilities, while perhaps less obvious to the general public, are no less important in the total plan. In order to give our customers fresh, top-quality merchandise at reasonable prices we must have well equipped, efficient manufacturing plants, warehouses, and transportation equipment.

Construction got underway last year for addition of a Produce Warehouse and Pre-Pakt Plant, plus trucking facilities, at the Distribution Center in Santa Fe Springs, California. Architect's sketch shows Grocery Warehouse, far left, and new buildings.

New Stores 1966

While our aim in store design is toward a basic style for familiar identification and savings in construction costs, exceptions are not uncommon. Architectural style is sometimes altered for such reasons as zoning laws, special local motif, unique terrain. An unusual example concerned the store pictured at right and a tree. For details, see caption below.

The old makes way for the new—but not without compassion for a venerable landmark, a 100-year-old redwood tree. Above, the tree is seen behind the remains of "old" (1952) Store No. 728, Santa Rosa, Calif., razed to add parking space for store opened last Sept. Note opposite photo: new store hugs the tree's trunk.

Typical example of a combined Safeway food store and non-foods Drug Center, right, at Eagle Rock, Southern California Division. They share a common lobby, offer one-stop shopping. Most Drug Centers are in California.

Looming like a mirage with shadowed mountains in background is Store No. 279, Butte, Montana, which conforms to one of our basic designs, featuring gracefully arched roof. This photo was taken before the store was officially opened.

A picture postcard is this scene of our Store No. 172, Mt. Shasta, Calif., in the Sacramento Division. Peaked roof of store blends itself into surroundings of this thriving mountainous sports mecca, topped by 14,162 ft. Mt. Shasta.

Store No. 404, above, in the Northern Lights Center at Anchorage, Alaska, one of the Company's largest. It is our 5th in the 49th State (4 in Anchorage—one of latter is Drug Center; 1 in Fairbanks). Safeway began operations in Alaska in 1959, the first major food retailer to venture northward into the booming State.

Left, beautiful new Portland, Oregon store opened last March. Above average in size, it has expanded non-foods area, in-store bakery and snack bar.

Below, an architect's drawing of new Store No. 921, in picturesque Santa Fe, New Mexico. Store design conforms to desires of local Historical Society in maintaining 356-year-old heritage of Pueblo Indian, Spanish influence.

Products Must Keep Pace, Too

Buildings and equipment are not the only things to become outmoded at a rapid pace. The *products* we sell, and the containers they come in, must also move forward. The ingenuity of food processors is constantly being directed toward ways of providing new and better products to appeal to the eye and pocketbook of the supermarket shopper. Competition is the stimulus—Mrs. Consumer is the beneficiary.

Half of all items displayed on the grocer's shelf today did not exist ten years ago. And ten years from now the store of tomorrow will be stocked with multitudes of things not yet dreamed of.

The pictures on this page show examples of new products and new containers introduced in 1966 under our Safeway brand labels. These are in addition to hundreds of new items marketed by all other suppliers whose products are sold through our stores.

Virtually all items shown here were introduced only after many months (in some cases, years) of exhaustive testing. Much of this testing is done in the laboratory, where every precaution is taken to be sure that the product has all of the quality and safety features desired, and that the container is both functional and attractive. This is followed by consumer testing. Among other approaches, we use the services of a 1200-family consumer product-testing panel, with members located in various regions of the country. These families make actual home-use checks on coded samples of the product or container being considered, and then submit a detailed report on their reactions. Often a number of alternative samples are tested in this way, and those not preferred are discarded.

Then, even as the "winners" are moved to store shelves, our laboratory technicians are on the job researching still newer innovations that will inevitably replace them.

Everything pictured here represents a new introduction in 1966—a new product, a new formula, or a new package design. S *insigne identifies a quality-guaranteed Safeway Brand.*

Busy cash registers without a single customer—but a profitable part of our business are the training programs for new food clerks (above), store management, and other top level executive positions. This San Francisco Division classroom is in Oakland.

Thousands of copies of employee recruiting booklet—"So Much...So Soon...at Safeway"—published last year, are being circulated in colleges and hiring offices.

People Are Paramount At Safeway

It is, of course, important to have attractive, modern stores and the types of products and facilities that customers want and expect in an up-to-date supermarket.

But beyond this the main thing that sets one retail firm apart from another is the caliber of the people who man its stores and offices, warehouses, plants, and trucks.

Safeway has been pursuing an active recruiting and training program designed to ensure that we will be second to none in the "people department." In previous Annual Reports we have described the highly successful Management Development Program, now in its eighth year. This program has provided intensive off-the-job training to dozens of middle-management executives in preparing them for more responsible positions. Two regular sessions are again scheduled for 1967.

During the last year and a half we have supplemented this with a "Retail Management Training Program" (announced in our 1965 report) designed to seek out top candidates for store management positions, and then put them through an accelerated course of training that can lead to executive status in a considerably shortened time. Some 300-plus Store Manager candidates are now going through this training course. They are learning by doing productive work in the stores under planned schedules and close supervision. They spend from one to twenty weeks in each of the following store operations: grocery; frozen food; bakery; gourmet and ethnic foods; non-foods; snack-coffee bar; dairy; produce-nursery; meat-delicatesssen; backstage (office, warehouse); new store openings; and Assistant Manager and Relief Store Manager assignments.

As an aid in attracting potentially well qualified *new* employees, we have developed a special 20-page illustrated booklet entitled "So Much, So Soon . . . at Safeway" (see photo below). This has helped us to present the Safeway story through college and high school placement bureaus, state and private employment agencies, and the like.

Any stockholder interested in obtaining a copy of this booklet for a young friend or acquaintance may do so by sending a written request to the Personnel Services Division, Safeway Stores, Incorporated, P.O. Box 660, Oakland, California 94604.

At "Job Fair" held in Oakland, Calif., last year, Safeway and scores of other local employers manned booths to help job seekers get firsthand information about employment opportunities. Hundreds were interviewed at Safeway's booth, below.

To The Ladies

In this, our fortieth anniversary issue, we pay special tribute to you, the women among our stockholders and employees. You are extremely important to Safeway and to the business community in general, as these few facts will show:

- More than half of the stockholders of U.S. companies are women. (We don't have an exact count for Safeway, but indications are that the majority of *our* 80,000 stockholders are women, too.)
- Women control two-thirds of the nation's wealth, and buy three-fourths of all goods and services.
- Women comprise a third of the total work force.

Beyond this, for Safeway, is the fact that the lion's share of our *customers* are women. And 20,000 of our *employees* are women (many of them are also shareholders).

So to you—the ladies—we would like to make this brief report on some of the things Safeway is doing to improve its value to you.

First of all, we know that you who are shareholders are interested in a fair return on the money you have invested to help finance our operations. Safeway has never failed to declare a dividend in its entire history. Last year we raised the dividend rate again, for the eighth time in the last ten years. You now get $110 per year from every 100 shares you own. This represents a favorable return for a stock that offers both stability and long range growth prospects.

We know you are interested in capital appreciation, too. Almost everything we do is directed toward continually improving our operations so the value of our stock will go up and shareholders will participate accordingly. This policy has paid off. If you had put $1,000 into Safeway common stock just ten years ago your shares would now be worth more than $2,500, and in the meantime you would have received nearly $800 in dividends.

You have told us that you want us to keep up with new developments in shopper service and convenience. We are doing this, too. Just about every new store we open is tailor-made, incorporating the newest ideas in design, layout, and facilities (we have a central design and construction operation which is constantly at work on such plans).

We keep adding new and different products, also. A typical store now carries about 7,000 items, half of which have just been introduced within the last ten years. We have installed delicatessen sections, snack bars and in-store bakeries in selected stores, and have expanded our non-food operations. For more pleasant shopping, we have introduced new wall decor, and have improved store identification and layout arrangement. And we have worked out improved ordering procedures to keep shelves better filled.

Finally, you have indicated that you want us to keep in touch with what women think and what they want in a food store. We are constantly making consumer surveys on such things as shopping habits; attitudes toward Safeway and competitors; consumer desires for new facilities, products and services; attitudes toward trading stamps; attitudes toward use of special promotions; and so on. These help us to "keep on course" in satisfying the wants of our present customers and in inducing prospective new customers to try Safeway.

Another example of working directly with consumers is research conducted in the introduction of new products or package designs. As explained elsewhere in this report, we make extensive use of consumer panels to get first-hand results from actual home-use tests.

Every day is "Ladies Day" at Safeway!

Relations With Government

Our last two Annual Reports have referred to our cooperation in the study conducted by the National Commission on Food Marketing, which issued its formal reports last June.

We were pleased that Commission members agreed that:

The American food industry as we see it today is a product of a competitive economic system. Its growth and dynamism are closely correlated with a high level of technological innovation. The American public generally does not fully appreciate the complex system supplying it with food. Indeed, the activities from the farm to retail store, including processing, transportation, and distribution, represent one of the outstanding achievements of the American economy.

All members also agreed that the charges of retailer profiteering on beef, which had led to the formation of the Commission, were not true.

On the other hand, we were disappointed that the 15-member Commission split sharply on other topics. The 9-member Majority chose to offer a series of legislative proposals, most of which had previously been considered and rejected by Congress. These proposals would envision an extensive system of governmental controls over corporate growth, advertising and promotion, packaging and pricing.

Fortunately, separate reports by the Minority members made clear that such legislation would restrict further competitive development of the various segments of the food industry; that it would impede or destroy incentives for innovation and expense control; and that it would limit the range of products and values offered to consumers.

During the year, the Company also filed extensive information in response to a number of other governmental inquiries. These included (among others) studies of "cents-off" labeling and "cash game" promotions by the Federal Trade Commission, and food price studies by various State agencies. Compliance with requests from these and other bodies represents a sizable burden in the form of thousands of man hours of employee time and heavy monetary expenditures.

In still another field, Safeway's Chairman of the Board and Chief Executive Officer, Robert A. Magowan, participated actively in the work of the 30-member National Advisory Commission on Food and Fiber. The purpose of this body, appointed by President Johnson in late 1965, is to make broad-scale studies and policy recommendations regarding the nation's agricultural programs, both foreign and domestic. The project is scheduled for completion during 1967.

The Sun Never Sets

"Safeway" is now a household word in far corners of the earth. As shown by the map on the back cover, Safeway is not only well represented in the newest states of Alaska and Hawaii, but is an important retailing factor in western Canada, and in parts of England, Scotland, West Germany and Australia.

We opened eight new overseas stores during 1966, bringing the total to 49 in areas outside the United States and Canada. Of these new stores, 5 are in Australia (Ashwood, Camberwell, Mornington, Newton and Preston—all in Victoria); 1 in West Germany (Hamburg); and 2 in England (Edgeware Road, London and Leigh, Lancashire).

Mme. Herve Alphand, left, wife of former French Ambassador to U.S., and Mrs. Mike Mansfield, wife of Senate Majority Leader, seen at our International Store in Washington, D.C.

Britain's "First Lady" in the U.S., Lady Dean (right), wife of the British Ambassador, expressed delight over the wide array of imported foods available in our International Store.

Above: Crowd gathered early for opening of new Store No. 510 in Bremen, West Germany. Our first expansion overseas was to England, 1962; year later to Australia; recently to Scotland. Progress to date is gratifying.

Sales of these new stores have been well in line with expectations, and sales of previously-built units have shown gratifying increases.

The search for additional sites is continuing in all overseas Divisions.

"International operations" are not confined to running food stores abroad, as other pictures on these pages will testify. Many foreign visitors have occasion to shop in our special International Store in Washington, D.C., and in our Marina store in San Francisco (the latter is on the regular State Department "tour"). And every continent on the globe is a base of operations for our bustling Import Department.

As the world grows smaller, our customers rightfully demand that we make available to them an adequate selection of specialty foodstuffs from other lands. We believe this presents significant profit opportunities as well as a means of enhancing our reputation as an international retailer.

Left: Her Excellency, Mrs. Indira Gandhi, Prime Minister of India, ponders a point during discussion with R. A. V. James, Mgr. of Safeway Imports Dept., while he was in New Delhi on tour of foreign markets. Our search for supplies is world wide.

Below: Partial interior view of Store No. 121, opened October, 25, 1966 in Preston, Australia. The ultramodern supermarket spreads across 23,000 sq. ft. area, has 12 checkstands, a snack bar, gourmet and delicatessen sections.

our 40th year

Safeway Today

At year's end we had a total of 2,222 stores located in the United States, Canada, England, Scotland, West Germany and Australia (up from 2,170 the previous year). Safeway map is on the back cover of this report. Details of Regions and Divisions are listed at right.

Regional Managers in the United States report to the President. The Canadian Regional Manager and the overseas Division Managers report to the Executive Vice-President.

HENRY B. CLAY
Regional Manager

DALLAS DIVISION
H. A. JUSTICE
145 stores

EL PASO DIVISION
ROBERT L. JAYNES
54 stores

KANSAS CITY DIVISION
JACK L. ANDERSON
102 stores

LITTLE ROCK DIVISION
JAMES A. ROWLAND
54 stores

OKLAHOMA CITY DIVISION
R. E. TEMPLEMAN
78 stores

OMAHA DIVISION
PAUL K. HENDRIX
94 stores

PHOENIX DIVISION
HENRY J. FRANK
38 stores

SOUTHERN CALIFORNIA DIVISION
EARL W. SMITH
230 Safeway Stores
16 Safeway Drug Centers

TULSA DIVISION
FRED E. ROWLAND
43 stores

WASHINGTON, D.C. DIVISION
BASIL WINSTEAD
233 Safeway Stores
3 Safeway Super $ Stores

GUS H. PARKER
Regional Manager

BUTTE DIVISION
W. E. MURRAY
43 stores

DENVER DIVISION
R. L. CAMPBELL
158 stores

PORTLAND DIVISION
FRED E. MacRAE
103 stores

SACRAMENTO DIVISION
K. W. HUNTINGTON
87 stores

SALT LAKE CITY DIVISION
HOWARD BARTON
69 stores

SAN FRANCISCO DIVISION
L. A. BIANCO
206 Safeway Stores
14 Safeway Drug Centers
1 Safeway Super $ Store

SEATTLE DIVISION
C. A. BRADBURN
113 stores

SPOKANE DIVISION
L. M. PRINGLE
40 stores

W. J. KRAFT
Regional Manager

PRAIRIE DIVISION
A. G. ANSELMO
104 stores

VANCOUVER DIVISION
W. J. KRAFT
96 stores

WINNIPEG DIVISION
W. F. GRIFFITHS
49 stores

OVERSEAS

AUSTRALIAN DIVISION
GEORGE E. RUDOLPH
15 stores

UNITED KINGDOM DIVISION
DAVID LAUB
28 stores in United Kingdom
6 stores in West Germany

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